

## RESPA Lost Congressional Support

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WASHINGTON -- The Bush administration finally gave the thumbs down on HUD's Real Estate Settlement Procedures Act rule when it became clear there was no congressional support for the rule.

Over 225 House members signed a letter urging the Department of Housing and Urban Development and the White House budget office not to finalize the RESPA rule.

Meanwhile, Sen. Wayne Allard, R-Colo., threatened to hold up the confirmation of Alphonso Jackson to be the new HUD secretary unless HUD gave up its plans to issue a final rule.

The most vocal opponent of the RESPA rule, House Small Business Committee chairman Don **Manzullo**, R-Ill., said it was "nothing less than astonishing" that so many congressman signed a letter asking HUD to withdraw the rule.

"I think this dog is dead," Rep. **Manzullo** told a meeting of the National Association of Mortgage Brokers last week.

But he warned the brokers to be vigilant because HUD could come back with a revised rule that may be even worse than the original proposal. "You never know what's going to happen in this town."

Like many housing industry and consumer groups, the 226 congressmen wanted to see what's in the RESPA rule that HUD crafted over the past two years before it is finalized. And they urged HUD to re-issue the RESPA rule for a second round of public comments.

"I applaud the administration for agreeing to our request to return the RESPA rule to HUD," said Ruben Hinojosa, D-Texas, co-author of the congressional letter. "HUD is right to take a 'timeout' on this one," he said.

Meanwhile, Sen. Allard, who chairs the Senate housing subcommittee, also is pleased with HUD's decision, a spokeswoman said. "He looks forward to working with acting secretary Jackson," she said. That means Sen. Allard will not object to Mr. Jackson's confirmation.

She stressed that Sen. Allard felt that HUD was ignoring Congress' advice in trying to push ahead with a final RESPA rule. "It was an institutional issue, nothing personal."

While former HUD secretary Mel Martinez is the author of the RESPA rule, Mr. Jackson, serving as acting HUD secretary after Mr. Martinez stepped down, shipped the final RESPA rule to the Office of Management and Budget for final clearance after President George Bush said he wanted the rule finalized.

President Bush wanted to use RESPA reform to connect with voters and show his administration is working on simplifying the mortgage process and reducing closing costs. But in the past few weeks, the president has been silent on RESPA reform.

Prior to the House letter and Sen. Allard taking his stand, it appeared that the opposition to the RESPA rule was not that deep, although it had lost the support of important lender groups, including the Mortgage Bankers Association.

Senate Banking Committee chairman Richard Shelby, R-Ala., was one of the first senators to raise serious concerns about the RESPA rule and he attempted to work with former HUD secretary Martinez. But the chairman welcomed HUD's decision.

"The strong opposition by consumer groups and industry made it clear that HUD's rule required greater review and opportunity for the public to weigh in on the rule," Sen. Shelby said.

He also objected to the "flawed and opaque process" that the Department of Housing and Urban Development employed in developing its rule.